

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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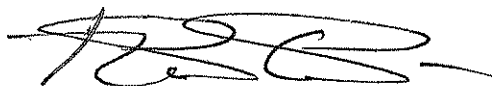
Ms. Suzanne H. Elliott, CPA
Engagement Manager
Louisiana Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Ms. Elliott:

Enclosed you will find our Independent Accountant's Report on Applying Agreed-Upon Procedures as specified by the City of Kaplan with respect to determining the nature of the activity in the Kaplan Police Recreation checking account.

Yours very truly,

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC
Certified Public Accountants



Robert S. Carter, CPA

RSC/cat

Enclosures

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Mr. Kirk Champagne
And the City Council Members of
City of Kaplan
701 N. Cushing Ave.
Kaplan, LA 70548

We have performed the procedures enumerated below, which were agreed to by the City of Kaplan, Louisiana, solely to assist you with respect to determining the nature of the activity in the Kaplan Police Recreation checking account for the period from May 2010 through December 2014 and to determine if the activity should be included in the books and records of the municipality. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Inquired of client as to nature of the Police Recreation checking account.

Per Mayor and City Clerk, they were unaware of this account which was being maintained by the City of Kaplan Police Department.

2. Obtained bank statements for the period of May 2010 through December 2014 and requested support for all deposits of the Police Recreation checking account for the same period to determine the nature of the deposits.

The results of our examination disclosed the following.

# of Transactions	Amount	Nature
59	\$ 7,650	Cash deposits with no support obtained
4	2,500	Kaplan High School \$1500 and Vincent Funeral Home \$1000
1	500	Personal check from Chief Boyd Adams
2	370	\$345 rebate and \$25 reverse bank chg
3	4,000	Evangeline Law Enforcement Council ACT 562 Training
<u>80</u>	<u>2,120</u>	Accident/Police report fees/Distribution from VPSO
<u>149</u>	<u>\$ 17,140</u>	

Finding: Chief Boyd Adams could not provide documentation to fully support all deposits into the account. Results above indicate that the monies collected by the Kaplan Police department from May 2010 through December 2014 should have been included in the City's financial records and budget and were not. In addition, the Police department is not issuing receipts or maintaining a log for ALL money and checks collected.

Recommendation: The Police department should maintain a record of all money and checks collected in order to leave an audit trail back to the deposit and the bank statement. The record could consist of receipts issued or a log of all money and checks collected. All monies collected as well as all disbursements by the police department should be included in the books and records of the municipality, under the same system of internal controls. As per R.S. 33:425, "the Clerk shall be the auditor of the municipality. He shall keep a book in which he shall enter and preserve accounts of each particular fund, and the accounts of each municipal officer."

Management's response:

The City of Kaplan Administration was unaware that an account, under the name of Kaplan Police Recreation had been opened using the City's Federal Tax Id number.

None of the transactions from this account were being managed, reconciled or audited with the City of Kaplan's financial statements. All transactions were under the management of Police Chief Boyd Adams from May 2010 to present.

Administration was made aware of the account through our City Attorney, in January 2015. Since becoming aware of the account, we have had the transactions reconciled and audited by our City Auditor for the period from May 2010 to December 2014.

The auditor's findings are being turned over to the District Attorney's Office for further review to determine if any further action is required regarding the management of the transactions from the Kaplan Police Recreation account by Chief Adams.

Management was informed by the bank that they had no authority to have the account closed without the consent of Chief Adams, as he is the only authorized signature on the account. As such, the Mayor has directed Chief Adams to close the Kaplan Police Recreation account. Administration was notified by the bank that the account was in fact closed on that date.

Management of the transactions (deposits, disbursements) is now being done through the City of Kaplan General Fund which funds the Kaplan Police Department.

Chief Adams has been notified that all checks and cash collected and or mailed to the Police Department are to be turned over to the City of Kaplan Administration for deposit and recording into the City of Kaplan General Fund, and that detailed receipts are to be kept on each transaction for future auditing purposes.

3. Obtained bank statements for the period of May 2010 through December 2014 and requested support for all disbursements of the Police Recreation checking account for the same period to determine the nature of the disbursements.

The results of our examination disclosed the following:

# of Transactions	Amount	Results
100	\$ 11,204	Disbursements with no support provided
40	3,225	Disbursements with insufficient support
<u>57</u>	<u>2,819</u>	Disbursements with valid support
<u>197</u>	<u>\$ 17,248</u>	

Finding: As noted in the table above, there were many disbursements for which supporting documentation was not provided; therefore, the expenditures may not have been made in accordance with Louisiana laws. 31 of the 100 transactions for which support was not provided were checks written to "Cash" totaling \$5,241. In addition, there were several meal disbursements which did not have sufficient support to substantiate the legal obligation, the public purpose, and the public benefit of the expenditures.

Finding: In the disbursements examined, we noted purchases of flowers, expenditures for parties, payments to officers, and payments of donations. These disbursements appear to violate Article VII, Section 14(A) of the 1974 Louisiana Constitution which states "... the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. In addition, Article VI, Section 14(A) of the Louisiana Constitution prohibits the payment of a bonus, or any other gratuitous unearned payment, to public employees. Payments of additional compensation to public employees, in order to be constitutionally valid, must be in the form of prospective salary increases.

Finding: In the examination of the disbursements, we noted one disbursement for an advertisement which included Chief Boyd Adam's name. Other disbursements for advertisements did not have enough support to determine whether the expenditures are allowed or not. R.S. 43:111.1 prohibits the use of public funds for the payment of the cost of any advertisement containing the name of any public official whether elected or appointed; provided, however, that the provisions of this section shall in no case be construed to apply to advertisements or notices required or authorized by law to be published.

Recommendation: Management should ensure that all disbursements of the police department account are included in the books and records of the municipality, under the same system of internal controls and that all disbursements comply with the appropriate Louisiana Law.

Management should maintain sufficient support for all disbursements to substantiate the legal obligation, the public purpose, and the public benefit of the expenditures. In addition, checks should never be written to "Cash".

Management's response: See management's response under #2.

4. The Police department also maintained a "Cash Bag". We obtained the cash log from the Chief of Police which listed receipts and disbursements from the bag. We requested support for all receipts and disbursements noted from May 2010 through December 2014.

The results of our examination disclosed the following:

# of Transactions	Amount	Nature
52	\$ 4,080	Deposits with no support provided
<u>1</u>	<u>3,000</u>	Deposit with valid support
<u>53</u>	<u>\$ 7,080</u>	
4	\$ 154	Disbursements with no support
3	126	Disbursements with insufficient support
<u>14</u>	<u>363</u>	Disbursements with valid support
<u>21</u>	<u>\$ 643</u>	

Finding: Chief Boyd Adams could not provide documentation to fully support all deposits on the cash log as noted in the table above. We were provided with envelopes containing cash in excess of \$8,600, which could not be reconciled to the cash log or checking account.

Recommendation: All collections should be deposited in the bank daily. R.S. 39:1212 states, "All funds of local depositing authorities shall be deposited daily whenever practicable, in the fiscal agency provided for." The Police department should maintain a record of all money and checks collected in order to leave an audit trail back to the deposit and the bank statement. The record could consist of receipts issued or a log of all money and checks collected. All monies collected as well as all disbursements by the police department should be included in the books and records of the municipality, under the same system of internal controls. As per R.S. 33:425, "the Clerk shall be the auditor of the municipality. He shall keep a book in which he shall enter and preserve accounts of each particular fund, and the accounts of each municipal officer."

Management's response: See management's response under #2.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion, on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users listed above and is not intended to be and should not be used by anyone other than those specified parties.

Kolder, Champagne, Slaven, & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
June 15, 2015